

07-27-1999

Docket No.:

TRADEMAR



014951/0146

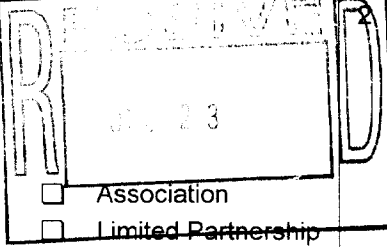
Tab settings

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To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

SEE ATTACHED SCHEDULE



- ☐ Individual(s)
☐ General Partnership
☐ Corporation-State
☐ Other

- ☐ Association
☐ Limited Partnership

Additional names(s) of conveying party(ies)

☒ Yes ☐ No

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other

Execution Date: 04201999

2. Name and address of receiving party(ies):

Name: ABLECO FINANCE LLC, as Agent

Internal Address:

Street Address: 450 PARK AVENUE

City: NEW YORK State: NY ZIP: 10022

- ☐ Individual(s) citizenship
☐ Association
☐ General Partnership
☐ Limited Partnership
☐ Corporation-State
☒ Other DELAWARE LIMITED LIABILITY COMPANY

If assignee is not domiciled in the United States, a domestic designation is

☐ Yes ☒ N

(Designations must be a separate document from

Additional name(s) & address(es)

☐ Yes ☒ N

4. Application number(s) or registration numbers(s):

A. Trademark Application No.(s)

SEE
ATTACHED
SCHEDULE

B. Trademark Registration No.(s)

SEE
ATTACHED
SCHEDULE

Additional numbers

☒ Yes ☐ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: JOSHUA R. BRESSLER

Internal Address: SCHULTE ROTH & ZABEL LLP

Street Address: 900 THIRD AVENUE

City: NEW YORK State: NY ZIP: 10022

6. Total number of applications and registrations involved:

24

7. Total fee (37 CFR 3.41): \$ 615.00

- ☐ Enclosed
☒ Authorized to be charged to deposit account

8. Deposit account number:

SCHULTE ROTH & ZABEL LLP - 500675

07/26/1999 INQUIRY 00000407 500675 1980863

DO NOT USE THIS SPACE

01 FC:481 40.00 CH
02 FC:482 575.00 CH

9. Statement and signature:

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

JOSHUA R. BRESSLER

Name of Person Signing

Signature

JULY 22, 1999

Date

Total number of pages including cover sheet, attachments, and

27

TRADE MARK

REEL: 001037 FRAME: 0556

CONVEYING PARTIES

	NAME	STATE OF INCORPORATION
1	WILLCOX & GIBBS, INC	DELAWARE
2	WG APPAREL, INC.	DELAWARE
3	CLINTON MACHINERY CORPORATION	DELAWARE
4	CLINTON MANAGEMENT CORP.	FLORIDA
5	MACPHERSON MEISTERGRAM, INC.	NORTH CAROLINA
6	GEOFFREY E. MACPHERSON CANADA, INC.	ONTARIO, CANADA
7	EMTEX LEASING CORP.	GEORGIA
8	LEADTEC SYSTEMS INC.	DELAWARE

APPENDIX A

TRADEMARKS

ENTITY	REGISTRATION NO.	MARK
Willcox & Gibbs, Inc.	1,980,863	ARTWOOD PULLERS
	1,862,253	KUHLSEW
	871,624	PRIORITY OIL
	876,865	TRIPLE DEED
	871,036	POWER-KLENE
	869,376	ACE
	1,569,252	WILLCOX & GIBBS
	1,560,503	W&G
	2,127,573	REXEL
	2,124,121	REXEL

WG Apparel, Inc.	997,519	SUNBRAND
Macpherson Meistergram, Inc.	1,498,689	THE VITAL LINK & Design
	1,603,441	M800XLC
	1,416,427	MEISTERGRAM Stylized
	1,608,030	MEISTERGRAM Block for Sewing Machines
	1,780,054	MEISTERGRAM
	1,978,680	MATRIX
	1,105,619	INSTA PATCH
	1,974,688	MACPHERSON MEISTERGRAM & Design
	2,008,695	MACPHERSON MEISTERGRAM & Design
	1,974,697	MACPHERSON MEISTERGRAM & Design

TRADEMARK APPLICATIONS

ENTITY	SERIAL NO.	MARK
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SERVICE MARKS

ENTITY	REGISTRATION NO.	MARK
Leadtec Systems, Inc.	1,145,323	CAMP (The Service Mark was acquired from Data Basics Corporation and has been licensed back to Data Basics Corporation for use in two markets)

SERVICE MARK APPLICATIONS

ENTITY	SERIAL NO.	MARK
Clinton Management Corp.	75-742,598	CRAZY GEORGE
Macpherson Meistergram, Inc.	75-464,758	THE EMBROIDERY STORE & Design

SECURITY AGREEMENT AND
MORTGAGE - INTELLECTUAL PROPERTY

SECURITY AGREEMENT AND MORTGAGE - INTELLECTUAL PROPERTY (this "Agreement"), dated as of April 20, 1999, made jointly and severally by WILLCOX & GIBBS, INC. ("Willcox"), a Delaware corporation and a debtor and debtor-in-possession, WG APPAREL, INC., a Delaware corporation and a debtor and debtor-in-possession ("Apparel"), CLINTON MACHINERY CORPORATION, a Delaware corporation and a debtor and debtor-in-possession ("Clinton Machinery"), CLINTON MANAGEMENT CORP., a Florida corporation and a debtor and debtor-in-possession ("Clinton Management"), MACPHERSON MEISTERGRAM, INC., a North Carolina corporation and a debtor and debtor-in-possession ("Macpherson"), GEOFFREY E. MACPHERSON CANADA, INC., an Ontario, Canada corporation and a debtor and debtor-in-possession ("Macpherson Canada"), EMTEx LEASING CORP., a Georgia corporation and a debtor and debtor-in-possession ("Emtex"), and LEADTEC SYSTEMS INC., a Delaware corporation and a debtor and debtor-in-possession ("Leadtec"), (Willcox, Apparel, Clinton Machinery, Clinton Management, Macpherson, Macpherson Canada, Emtex and Leadtec are hereinafter collectively referred to as the ("Grantors"), in favor of ABLECO FINANCE LLC, a Delaware limited liability company (as lender under the Credit Agreement referred to below and as agent for itself and each Person that purchases any portion of Ableco Finance LLC's rights and obligations under the Credit Agreement pursuant to Section 9.13 thereof, collectively, the "Lender").

W I T N E S S E T H:

WHEREAS, on April 21, 1999, each of the Grantors filed in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") a voluntary petition for relief under chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"); and

WHEREAS, pursuant to the Financing Agreement, dated April 20, 1999 (as amended or otherwise modified from time to time, the "Credit Agreement") between the Lender and the Grantors, the Lender has agreed to extend credit to the Grantors consisting of a single term loan (the "Loan") in the principal amount of \$7,500,000, the proceeds of which shall be used to repay existing indebtedness of the Grantors and to fund working capital in the ordinary course of business of the Grantors; and

WHEREAS, on April 21, 1999, the Bankruptcy Court entered the Interim Financing Order approving, on an interim basis, the financing arrangements between the Lender and the Grantors pursuant to the Credit Agreement; and

WHEREAS, it is a condition precedent to the Lender making the Loan that each Grantor shall have executed and delivered to the Lender a security agreement (the "Security Agreement") and this Agreement providing for the grant to the Lender of a security interest in all of the Collateral (as hereinafter defined);

WHEREAS, each Grantor owns or has rights, title and interest in and to all of the patents, patent applications, trademarks, trademark applications, service marks, service mark applications, trade dress, logos, trade names, domain names, corporate names, copyright registrations, copyright applications, mask work registrations, mask work applications, and licenses or agreements, that are identified in Appendix A attached hereto and incorporated herein by reference as well as all other Collateral.

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, each Grantor agrees, for the benefit of the Lender, as follows:

1. Defined Terms. Capitalized terms, that are not otherwise defined herein, shall have the respective meanings ascribed to them in the Credit Agreement, and the following terms shall have the following meanings:

"Collateral" means collectively the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Other Intellectual Property Collateral, all goodwill associated therewith, wherever located, and all proceeds thereof.

"Copyright Collateral" means:

(a) all of the following to the extent any Grantor now or hereafter has any right, title or interest (i) all copyrightable works, all copyrights, whether statutory or common law, registered or unregistered and all registrations and applications therefor in all countries, including, without limitation, any referred to in Appendix A hereto, (ii) all extensions and renewals of such copyrights, (iii) all computer software (including data and related documentation and (iv) all mask works and all applications, registrations, and renewals in connection therewith;

(b) any written agreement naming any Grantor, as licensor or licensee, granting any right in any country to use any Copyright Collateral referred to in clause (a) including, without limitation, any referred to in Appendix A hereto;

(c) the right to sue for past, present and future infringements of any of the Copyright Collateral referred to in clause (a) and, to the extent applicable, clause (b); and

(d) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit and all rights corresponding thereto.

"Other Intellectual Property Collateral" means:

(a) all of the following to the extent any Grantor now or hereafter has any right, title or interest (i) all trade secrets and confidential business information

(including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, methods, schematics, technology, technical data, designs, drawings, flowcharts, block diagrams, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals) and (ii) all other proprietary rights;

(b) any written agreement naming any Grantor, as licensor or licensee, granting any right in any country to use any Other Intellectual Property Collateral referred to in clause (a);

(c) the right to sue for past, present and future infringements of any of the Other Intellectual Property Collateral referred to in clause (a) and, to the extent applicable, clause (b); and

(d) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit and all rights corresponding thereto.

"Patent Collateral" means:

(a) all of the following to the extent any Grantor now or hereafter has any right title or interest (i) all letters patent of the United States and all reissues and extensions thereof, including, without limitation, any such letters patent of the United States and all reissues, reexaminations and extensions thereof, now existing or hereafter acquired, including those patents referred to in Appendix A hereto, and (ii) all inventions (whether patentable or unpatentable and whether not reduced to practice), all improvements thereon, all applications for letters patent of the United States all patent disclosures and all divisions, continuations and continuations-in-part thereof, including, without limitation, any such applications for letters patent of the United States and all divisions, reexaminations, extensions, continuations, and continuations-in-part thereof or any other country referred to in Appendix A hereto;

(b) all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to make, use or sell any invention covered by Patent Collateral referred to in clause (a), including, without limitation, any such agreements referred to in Appendix A hereto;

(c) the right to sue third parties for past, present or future infringements of any Patent Collateral described in clause (a) and, to the extent applicable, clause (b); and

(d) all proceeds of, and rights associated with, the foregoing (including license royalties and proceeds of infringement suits), and all rights corresponding thereto.

"Trademark Collateral" means:

(a) all of the following to the extent any Grantor now or hereafter has any right title or interest in and to all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, service marks, logos, domain names, and other sources of business identifiers of any Grantor, and the goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, all renewals in connections therewith, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, or otherwise, including, without limitation, any such items referred to in Appendix A hereto, and all renewals thereof;

(b) any agreement, written or oral, providing for the grant by or to any Grantor or any right to use any of the Trademark Collateral referred to in clauses (a) and/or (b), including, without limitation, any such agreements referred to in Appendix A hereto;

(c) all of the goodwill of the business connected with the use of, and symbolized by the items described in, clause (a);

(d) the right to sue third parties for past, present and future infringements of any Trademark Collateral described in clause (a) and, to the extent applicable, clause (b); and

(e) all proceeds of, and rights associated with, the foregoing, including any claim by any Grantor against third parties for past, present or future infringement or dilution of any of the Trademark Collateral referred to in clauses (a) and/or (b), or for any injury to the goodwill associated with the use of any such Trademark Collateral or for breach or enforcement of any Trademark Collateral.

2. Grant of Security Interest. As collateral security for prompt payment in full of the Loan made to the Grantors by the Lender, as well as to secure the prompt and complete performance when due of the Obligations, each Grantor hereby grants to the Lender, its successors and assigns, an undivided, continuing lien upon and security interest in the Collateral.

3. Representations, Warranties and Covenants. Each Grantor hereby represents, warrants, covenants and agrees as follows:

(a) Each Grantor owns or licenses or otherwise has the right to use the Collateral. Each item of Collateral which is a patent, patent application, trademark, trademark application, service mark, service mark application, trade dress, logo, tradename, domain name, corporate name, copyright registration, copyright application, mask work registration, mask work application, or License,

sublicense, agreement or permission is set forth on Appendix A hereto. Except as set forth on Appendix A hereto:

- (i) Each item of Collateral is valid and subsisting and in full force and effect and is not subject to any taxes or other fees except for annual filing and maintenance fees;
- (ii) Each Grantor is not aware of any notice, claim or assertion that any item of Collateral is invalid and is not aware of any facts that would cause a reasonable person to conclude that any item of Collateral is invalid;
- (iii) Each Grantor has the right to use all of the Collateral in all jurisdictions in which it uses the Collateral or proposes to use the Collateral in the conduct of its business, and the consummation of the transactions contemplated hereby will not alter or impair any such rights;
- (iv) The Collateral is all the Intellectual Property that is necessary for the ownership, maintenance and operation of the properties and assets of the Grantors as presently conducted or proposed to be conducted;
- (v) Each Grantor has taken all necessary and desirable action to maintain and protect each item of Collateral;
- (vi) To the knowledge of each Grantor, none of the Grantors have interfered with, infringed upon, misappropriated or otherwise come into conflict with any Intellectual Property rights of third parties, and the Grantors have not received any charge, complaint, claim, demand or notice alleging any such interference, infringement, misappropriation or violation (including any claim that any of the Grantors must license or refrain from using any Intellectual Property rights of any third party). Other than as set forth on Appendix A, to the knowledge of each Grantor, no third party has interfered with, infringed upon, misappropriated or otherwise come into conflict with any Collateral;
- (vii) Each Grantor possesses all right, title and interest in and to the item, free and clear of any encumbrance, license or other restriction, other than Permitted Liens;
- (viii) Each item of Collateral is not subject to any outstanding injunction, judgment, order, decree, ruling or charge;

- (ix) No action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand is pending or, to the knowledge of the Grantors, is threatened which challenges the legality, validity, enforceability, use or ownership of any item of Collateral;
- (x) None of the Grantors have ever agreed to indemnify any Person for or against any interference, infringement, misappropriation or other conflict with respect to any item of Collateral;
- (xi) The grant to such Grantor in each License, sublicense, agreement or permission covering each item which has been granted to such Grantor under a License, sublicense, agreement or permission identified in Appendix A, and the obligations to the applicable Grantor in each License, sublicense, agreement or permission granted by such Grantor to a third party under a License, sublicense, agreement or permission identified in Appendix A of Collateral is legal, valid, binding, enforceable and in full force and effect;
- (xii) Each such License, sublicense, agreement or permission as identified in paragraph (xi) will continue to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing Date;
- (xiii) Each Grantor is not in breach or default of any License, sublicense, agreement or permission as identified in paragraph (xi), and no event has occurred which with notice or lapse of time would constitute a breach or default or permit termination, modification or acceleration thereunder;
- (xiv) No party to any License, sublicense, agreement or permission as identified in paragraph (xi) has repudiated any provision thereof;
- (xv) With respect to any such sublicense as identified in paragraph (xi), the representations and warranties set forth in subsections (xi) through (xiv) above are true and correct with respect to the underlying License;
- (xvi) With respect to the each License, sublicense, agreement or permission, the underlying item of Intellectual Property is not, to the knowledge of each Grantor, subject to any

outstanding injunction, judgment, order, decree, ruling or charge;

- (xvii) With respect to the each such License, sublicense, agreement or permission as identified in paragraph (xi), to the knowledge of each Grantor, no action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand is pending or is threatened which challenges the legality, validity or enforceability of the underlying item of Intellectual Property;
- (xviii) With respect to the each such License, sublicense, agreement or permission as identified in paragraph (xi), the Grantors have not granted any sublicense or similar right with respect to the license, sublicense, agreement or permission;
- (xix) The continued operation of the businesses of the Grantors as presently conducted and as presently proposed to be conducted will not infringe upon, misappropriate, or otherwise violate any Intellectual Property rights of third parties;
- (xx) The Grantors are not aware that any of their employees are obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use such employee's efforts to promote the interest of the Grantors or that would conflict with the businesses of the Grantors as presently conducted or the Collateral;
- (xxi) Neither the execution nor delivery of this Agreement nor the carrying on of the businesses of the Grantors by their employees, nor the conduct of the businesses of the Grantors as presently conducted, will, to the knowledge of Grantors, conflict with or result in a breach of the terms, conditions of provisions of, or constitute a default under, any contract, covenant or instrument under which any or such employees is now obligated; and
- (xxii) The Grantors do not and will not need, in order to conduct the Grantors' businesses as presently conducted and as presently proposed to be conducted, to utilize any inventions of any of their employees, former employees (or persons they currently intend to hire) made while not

employed by the Grantors and the rights to which have not been fully assigned to the Grantors.

(b) None of the Copyright Collateral has been abandoned or dedicated, and, except to the extent that (i) the Lender, upon prior written notice by a Grantor, shall consent in writing, or (ii) a Grantor determines in its reasonable business judgment that any Copyright Collateral has negligible economic value or such Copyright Collateral is no longer utilized in the ordinary course of a Grantor's business, such Grantor will not do any act, or omit to do any act, whereby any of the Copyright Collateral may become abandoned or dedicated, or the remedies available against potential infringers materially weakened, and such Grantor shall notify the Lender promptly if it knows of any reason or has reason to know that any such Copyright Collateral may become abandoned or dedicated.

(c) Each Grantor will perform all acts and execute all documents, including, without limitation, assignments for security in form suitable for filing with the United States Patent and Trademark Office and the United States Copyright Office, substantially in the form of Exhibits 1 through 4 hereof, respectively, requested by the Lender at any time to evidence, perfect, maintain, record and enforce the Lender's interest in the Collateral, or otherwise in furtherance of the provisions of this Agreement, and each Grantor hereby authorizes the Lender to execute and file one or more financing statements (and similar documents) or copies thereof or of this Agreement with respect to the Collateral signed only by the Lender.

(d) Except to the extent to which the Lender shall consent in writing upon prior written request by the Grantor, each Grantor will continue to maintain the Trademark Collateral on each and every International Class of goods and/or services in full force free from any claim of abandonment for non-use and such Grantor will not (and will not grant its consent to any licensee thereof to) do any act or knowingly omit to do any act whereby any Trademark Collateral may become invalidated.

(e) Each Grantor will promptly pay the Lender for any and all sums, costs, and expenses which the Lender may pay or incur pursuant to the provisions of this Agreement or in enforcing the Obligations, the Collateral or the security interest granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel and reasonable attorneys' fees, all of which together with interest at the highest rate then payable on the Obligations shall be part of the Obligations and be payable on demand.

(f) In no event shall any Grantor, either itself or through any agent, employee, licensee or designee, (i) file an application for the registration of any Collateral with the United States Patent and Trademark Office, United States Copyright Office or any similar office or agency of the United States, any State

thereof, any other country or any political subdivision thereof or (ii) file any assignment of any Collateral, which a Grantor may acquire from a third party, with the United States Patent and Trademark Office, United States Copyright Office or any similar office or agency of the United States, any State thereof, any other country or any political subdivision thereof, unless such Grantor shall, on or prior to the date of such filing, notify the Lender thereof, and, upon request of the Lender, execute and deliver any and all assignments, agreements, instruments, documents and papers as the Lender may request to evidence the Lender's interest in such Collateral and the goodwill and general intangibles of such Grantor relating thereto or represented thereby, and each Grantor hereby appoints the Lender as its attorney-in-fact to execute and file all such writings for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; such power being coupled with an interest which is irrevocable until the Obligations are paid in full.

(g) As set forth in the Orders, each Grantor has the right and power to make the assignment and to grant the security interest herein granted; and the Collateral is not now, and at all times hereafter will not be, subject to any liens, mortgages, assignments, security interests or encumbrances of any nature whatsoever, except in favor of the Lender and the Permitted Liens, and to the best knowledge of the Grantors none of the Collateral is subject to any claim other than the Permitted Liens.

(h) Except to the extent that the Lender shall consent in writing or otherwise permitted under the Credit Agreement, the Grantors will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive License (that does not expressly in writing contain licensee's acknowledgment of an agreement to be bound by the interest of the Lender), or otherwise dispose of any of the Collateral, and nothing in this Agreement shall be deemed a consent by the Lender to any such action except as expressly permitted herein.

(i) As of the date hereof, no Grantor owns registrations or applications in respect of any trademarks, or patents or in respect of any copyright registrations, whether filed in the United States Patent and Trademark Office, United States Copyright Office, any similar office or agency of the United States, any State thereof, any other country or any political subdivision thereof, other than those described or listed, as of the Closing Date, on Appendix A hereto. Except as set forth on Appendix A hereto, each of the trademarks registered in a state office are also registered in the United States Patent and Trademark Office.

(j) Each Grantor will take all reasonable steps to maintain the value, validity and enforceability of the Collateral, including all necessary steps in any proceeding before the United States Patent and Trademark Office, United States Copyright Office or any similar office or agency of the United States, any State

thereof, any other country or any political subdivision thereof, to maintain each application and registration of the Collateral, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings.

(k) Each Grantor assumes all responsibility and liability arising from the use of the Collateral, and each Grantor hereby indemnifies and holds the Lender harmless from and against any claim, suit, action, cost, cost of defense, loss, damage or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted or sold by the Grantors (or any affiliate or subsidiary thereof) in connection with any Collateral or out of the manufacture, promotion, labeling, use, sale or advertisement of any such product by the Grantors (or any affiliate or subsidiary thereof). Each Grantor agrees that the Lender does not assume, and shall have no responsibility for, the payment of any sums due or to become due under any agreement or contract included in the Collateral or the performance of any obligations to be performed under or with respect to any such agreement or contract by the Grantors, and each Grantor hereby agrees to indemnify and hold the Lender harmless with respect to any and all claims by any person relating thereto.

(l) The Lender may, in its sole discretion, pay any amount or do any act required of a Grantor hereunder or requested by the Lender to preserve, defend, protect, maintain, record or enforce a Grantor's obligations contained herein, the Obligations, the Collateral, or the right, title and interest granted the Lender herein, and which a Grantor fails to do or pay, and any such payment shall be deemed an Obligation of the Grantor owed to the Lender and shall be payable on demand together with interest at the highest rate then payable on the Obligations.

(m) Each Grantor agrees that if it, or any affiliate or subsidiary thereof, learns of any actual suspected infringement of the Collateral, it shall promptly notify the Lender in writing of any available evidence thereof, and the Grantor shall retain the right in the first instance to take enforcement action to protect the Grantor's and the Lender's interest in such Collateral and shall cooperate with the Lender and make available to the Lender all personnel, witnesses, books, records, documents or other information within its control that is necessary or appropriate for such defense, provided, that Lender shall have the right to join in such action at Lender's request, and at Lender's expense, and provided further, that in the event such Grantor shall decline or fail to take such enforcement action, the Lender may in such event initiate such action, at the Lender's expense, and, if requested by the Lender, shall join with the Lender, at the Lender's expense, in such of the action as the Lender, in its reasonable discretion, may deem advisable for the protection of the Lender's interest in and to such Collateral.

4. Events of Default. Upon the occurrence (and during the continuance) of an Event of Default, as set forth in the Orders and in addition to all other rights and remedies of the Lender, whether under law, the Credit Agreement or otherwise, all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently, without notice to, or consent by, the Grantors, the Lender has the following rights and remedies, subject to the rights of the CIT Group Agent and the CIT Group Lenders pursuant to the Intercreditor Agreement: (a) upon four (4) Business Days' prior notice in writing by the Lender to the Grantors, the Unofficial Committee of Bondholders, and any official or unofficial committees of the Borrowers' creditors or equity security holders duly appointed by the Bankruptcy Court in connection with the Chapter 11 Cases, the Grantors shall not make any further use of the Collateral for any purpose; (b) the Lender may, at any time and from time to time, upon ten (10) days' prior notice to the Grantors, license, whether general, special or otherwise, and whether on an exclusive or nonexclusive basis, any of the Collateral throughout the world for such term or terms, on such conditions, and in such manner, as the Lender shall in its sole and absolute discretion determine; (c) the Lender may (without assuming any obligations or liability thereunder), at any time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of the Grantors in, to and under any one or more license agreements with respect to the Collateral, and take or refrain from taking any action under any license thereof, and each Grantor hereby releases the Lender from, and agrees to hold the Lender free and harmless from and against any claims arising out of, any action taken or omitted to be taken with respect to any such license agreement other than actions taken or omitted to be taken solely through the Lender's gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction; (d) the Lender may, at any time and from time to time, upon ten (10) days' prior notice to the Grantors, assign, sell, or otherwise dispose of, all or part of the Collateral, either with or without special or other conditions or stipulations, with power to buy the Collateral or any part of it, and with power also to execute assurances, and do all other acts and things for completing the assignment, sale or disposition which the Lender shall, in its reasonable discretion, deem appropriate or proper; and (e) in addition to the foregoing, in order to implement the assignment, sale or other disposal of any of the Collateral pursuant to subparagraph 4(d) hereof, the Lender may, at any time, pursuant to the authority granted in the Powers of Attorney described in paragraph 6 hereof (such authority becoming effective on the occurrence or continuation as hereinabove provided of an Event of Default), execute and deliver on behalf of the Grantors, one or more instruments of assignment of the Grantors' Collateral (or any application or registration thereof), in form suitable for filing, recording or registration in any country. Each Grantor agrees to pay when due all reasonable costs incurred in any such transfer of its Collateral (or any application or registration thereof), including any taxes, fees and reasonable attorneys' fees (including, without limitation, the allocated costs and expenses of an in-house counsel), and to otherwise cooperate in any such registration or recordation and all such costs shall be added to the Obligations. The Lender may apply the proceeds actually received from any such license, assignment, sale or other disposition to the reasonable costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all legal, travel and other expenses which may be incurred by the Lender, and then to the Obligations, in such order as to principal or interest as the Lender may desire; and the Grantors shall remain liable and will pay the Lender on demand any deficiency remaining, together with interest thereon at a rate equal to the highest rate then payable on the

Obligations and the balance of any expenses unpaid. Nothing herein contained shall be construed as requiring the Lender to take any such action at any time. In the event of any such license, assignment, sale or other disposition of all or part of the Collateral, after the occurrence or continuation as hereinabove provided of an Event of Default, each Grantor shall supply its know-how and expertise relating to the manufacture and sale of the products bearing or in connection with its Collateral and to the distribution of said products, to the Lender or its designee.

The proceeds of any sale of Collateral, as well as any Collateral consisting of cash, shall be applied by the Lender in accordance with the Credit Agreement.

5. Additional Collateral. Each Grantor agrees that it is also hereby conveying to the Lender a security interest in any additional Collateral which may hereafter be adopted or acquired by the Grantors, and such additional Collateral shall be deemed to be included within the definition of "Collateral" and shall be included in the grant of the security interest pursuant to Section 2 automatically from the date upon which the Grantors first obtain rights in such additional Collateral without further action of the parties. Upon reasonable request of the Lender, the Grantors further agree to execute and file such documents and instruments and to take such other and further actions as may be reasonably required to amend the attached Appendices to reflect all of any Grantors' Collateral as in effect from time to time.

6. Lender's Appointment as Attorney-in-Fact. Upon the occurrence of an Event of Default and during the continuance of such Event of Default, each Grantor hereby irrevocably constitutes and appoints the Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, from time to time, in the Lender's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement. The Grantor hereby releases the Lender from any claims, causes of action and demands at any time arising out of or with respect to any actions taken or omitted to be taken by the Lender under the powers of attorney granted herein other than actions taken or omitted to be taken through the Lender's gross negligence or willful misconduct, as determined by a final determination of a court of competent jurisdiction.

7. Release of Security Interest; Revocation of Lender's Appointment as Attorney-in-fact. Upon the indefeasible payment in full in cash of the Loan and Obligations, or as otherwise provided in the Security Agreement, the Lender shall, at the Grantors' expense, execute and deliver to the Grantors all instruments and other documents as may be necessary or proper to release the Lien on and security interest in the Collateral which has been granted hereunder and to revoke the appointment of the Lender as the Grantors' attorney-in-fact as set forth in Section 6.

8. Loan Document, etc. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be

construed, administered and applied in accordance with the terms and provisions of the Credit Agreement and in the event that the terms and provisions herein conflict with those of the Credit Agreement, the terms and provisions of the Credit Agreement shall govern. In the event that the terms and provisions herein conflict with those of the Security Agreement, the terms and provisions herein shall govern.

9. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

10. Governing Law. THIS AGREEMENT AND THE OBLIGATIONS HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED FOR ALL PURPOSES IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN, OTHER THAN AS GOVERNED BY THE BANKRUPTCY CODE.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers hereunto duly authorized as of the day and year first above written.

GRANTORS:

WILLCOX & GIBBS, INC.,
a Debtor and Debtor-in-Possession

By: _____

Name: John K. Ziegler, Jr.
Title: Chief Financial Officer, Vice
President and Assistant Secretary

WG APPAREL, INC.,
a Debtor and Debtor-in-Possession

By: _____

Name: John K. Ziegler, Jr.
Title: Chief Financial Officer, Controller
and Assistant Secretary

LEADTEC SYSTEMS, INC.,
a Debtor and Debtor-in-Possession

By: _____

Name: John K. Ziegler, Jr.
Title: Vice President and Assistant
Secretary

CLINTON MANAGEMENT CORP.,
a Debtor and Debtor-in-Possession

By: _____

Name: John K. Ziegler, Jr.
Title: Vice President and Assistant
Secretary

CLINTON MACHINERY CORPORATION,
a Debtor and Debtor-in-Possession

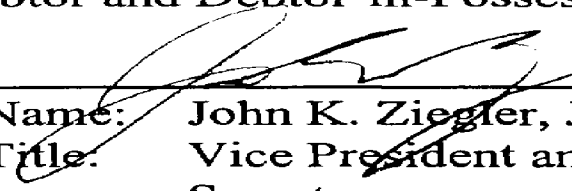
By: _____

Name: John K. Ziegler, Jr.
Title: Vice President and Assistant
Secretary

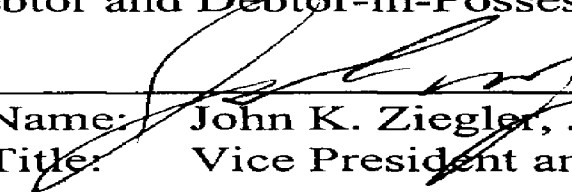
MACPHERSON MEISTERGRAM, INC.,
a Debtor and Debtor-in-Possession

By: 
Name: John K. Ziegler, Jr.
Title: Vice President and Treasurer

GEOFFREY E. MACPHERSON CANADA, INC.
a Debtor and Debtor-in-Possession

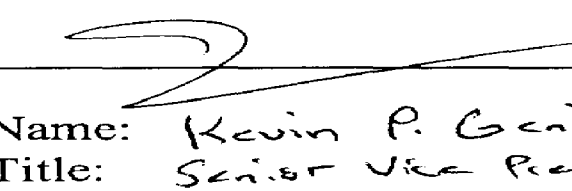
By: 
Name: John K. Ziegler, Jr.
Title: Vice President and Assistant Secretary

EMTEX LEASING CORP.,
a Debtor and Debtor-in-Possession

By: 
Name: John K. Ziegler, Jr.
Title: Vice President and Treasurer

LENDER:

ABLECO FINANCE LLC

By: 
Name: Kevin P. Genda
Title: Senior Vice President

APPENDIX A

PATENTS

ENTITY	DESCRIPTION	PATENT NO.
Macpherson Meistergram, Inc.	Thread Take-Up Controller and Method Patent	5,680,825
	Multi-emblem Clamping Device	4,682,551

PATENT APPLICATIONS

None

TRADEMARKS

ENTITY	REGISTRATION NO.	MARK
Willcox & Gibbs, Inc.	1,980,863	ARTWOOD PULLERS
	1,862,253	KUHLSEW
	871,624	PRIORITY OIL
	876,865	TRIPLE DEED
	871,036	POWER-KLENE
	869,376	ACE
	1,569,252	WILLCOX & GIBBS
	1,560,503	W&G
	2,127,573	REXEL
	2,124,121	REXEL
	014,178 (Canada)	GW WILLCOX & GIBBS SEWING MACHINE CO., NEW YORK & Design

	1473387 (France)	WG & Design
	669,537 (Taiwan)	UNIQUE
Willcox & Gibbs, Ltd. (UK)	684,849 (UK)	WILLCOX & GIBBS CLASS 7(IV)
	1,536,760 (UK)	WILLCOX & GIBBS
	2,512 (UK)	WG WILLCOX & GIBBS & Design
	2,513 (UK)	WG & Design
WG Apparel, Inc.	997,519	SUNBRAND
Macpherson Meistergram, Inc.	1,498,689	THE VITAL LINK & Design
	1,603,441	M800XLC
	1,416,427	MEISTERGRAM Stylized
	1,608,030	MEISTERGRAM Block for Sewing Machines
	1,780,054	MEISTERGRAM
	1,978,680	MATRIX
	1,105,619	INSTA PATCH
	1,974,688	MACPHERSON MEISTERGRAM & Design
	2,008,695	MACPHERSON MEISTERGRAM & Design
	1,974,697	MACPHERSON MEISTERGRAM & Design

TRADEMARK APPLICATIONS

ENTITY	SERIAL NO.	MARK
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WG Apparel, Inc.

Has not Been Filed Yet,
Company is in the
Process of Making the
Filing

AC&DS

SERVICE MARKS

ENTITY

REGISTRATION NO.

MARK

Leadtec Systems, Inc.

1,145,323

CAMP (The Service Mark was
acquired from Data Basics
Corporation and has been licensed
back to Data Basics Corporation
for use in two markets)

Willcox & Gibbs, Inc.

1,569,252

WILLCOX & GIBBS

1,560,503

W&G

2,127,573

REXEL

2,124,121

REXEL

SERVICE MARK APPLICATIONS

ENTITY

SERIAL NO.

MARK

Clinton Management Corp.

75-742,598

CRAZY GEORGE

Macpherson Meistergram, Inc.

75-464,758

THE EMBROIDERY STORE &
Design

TRADE DRESS

None

LOGOS

ENTITY

SERIAL NO.

MARK

Macpherson Meistergram, Inc.

75-464,758 (Pending)

THE EMBROIDERY STORE &
Design

	2,008,695	MACPHERSON MEISTERGRAM & Design
	1,974,697	MACPHERSON MEISTERGRAM & Design
	1,974,688	MACPHERSON MEISTERGRAM & Design
	1,498,689	THE VITAL LINK & Design
Willcox & Gibbs, Inc.	014,178 (Canada)	GW WILLCOX & GIBBS SEWING MACHINE CO.. NEW YORK & Design
	1473387 (France)	WG & Design
Willcox & Gibbs, Ltd. (UK)	2,512	WG WILLCOX & GIBBS & Design
	2,513	WG & Design

DOMAIN NAMES

Clinton 21.com

COPYRIGHT REGISTRATION

ENTITY	DESCRIPTION	REGISTRATION NO.
Willcox & Gibbs, Inc.	Issue No. 80	TX538016
Willcox & Gibbs, Inc. (Sunbrand Division)	Sunbrand Catalog	TX150956
Leadtec Systems, Inc.	Apparel manufacturer's package for IBM system/38 and system/400	TX2 399 053
Macpherson Meistergram, Inc.	Meistergram Etchmaster 2000 Manual	TX 2293545
	900 XLC Computerized Monogram/Embroidery System	TX3263350
	Meistergram Etchmaster 3000 Manual	TX 2293546

W6-NY991090.366

Meistergram Etchmaster Opportunity Brochure	TX 2273554
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Meistergram Etchmaster Introduction Sheet	TX 2267981
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Meistergram Etchmaster Yellow Pages	TX 2274279
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“Computerized Rotary/Laser Engraving Systems - Accessories”	TX3 266 958
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“Computerized Rotary/Laser Engraving Systems - 4 pg Version”	TX3 261 885
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“Modern Profits from an Ancient Art”	TX3 263 251
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“The Meistergram Collection”	TX3 267 964
------------------------------	-------------

15 Reasons to Choose Meistergram	TX3 267 963
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Computerized Rotary/Laser Engraving Systems - 8 pg Version	TX3 277 302
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“Make Your Mark With Meistergram”	TX3 852 172
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Meistergram Etchmaster Business Opportunity Video	PA 710-550
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Clinton Machine & Supply	Clinton Letter, vol. 8, Nos. 1-3	TX4531798
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Clinton Letter, vol. 8, Nos. 4-6	TX4500347
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Clinton Letter, vol. 7	TX4388958
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Clinton Letter, vol. 6	TX4095131
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Clinton Letter, (vol. not available)	TX4034337
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COPYRIGHT APPLICATION

None

MASK WORK REGISTRATION

None

MASK WORK APPLICATION

None

CORPORATE NAMES

1. Willcox & Gibbs, Inc.
2. WG Apparel, Inc.
3. W&G Daon, Inc.
4. J&E Sewing Supplies
5. Clinton Machinery Corporation
6. Clinton Management Corp.
7. Clinton Leasing Corp.
8. Clinton Equipment Corp.
9. Paradise Color Incorporated
10. Macpherson Meistergram, Inc.
11. Emtex Leasing Corp.
12. Veristitch, Inc.
13. Leadtec Systems, Inc.
14. Willcox & Gibbs, Ltd.
15. Hopkins-Willcox Ltd.
16. Eildon Electronics Ltd.
17. MEC (Sewing Machines) Ltd.
18. Sunbrand S.A. de C.V.
19. Clinton de Mexico
20. Sunbrand Caribe S.A.
21. Sunbrand de Colombia E.U.
22. Unity de Colombia
23. Macpherson Meistergram, Inc.
24. Geoffrey E. Macpherson Canada, Inc.

TRADE NAMES

1. Sunbrand
2. Unity Sewing Supply
3. Leadtec
4. Clinton 21.com
5. Macpherson
6. Clinton Machinery & Supply
7. Macpherson Meistergram
8. The Embroidery Store
9. ELC
10. Macpherson Meistergram Canada

W6-NY991090.366

11. Macpherson Meistergram Canada, Inc.
12. WG Apparel, Inc.

LICENSE AGREEMENTS

1. Distributorship Agreement made as of October 1, 1998, between G.M. Pfaff AG, and Willcox & Gibbs, Inc. (Whereby Pfaff grants to Willcox & Gibbs certain intellectual property rights)
2. Distribution Agreement made as of January 1, 1995 between Pegasus Sewing Mfg. Co. Ltd. and Willcox & Gibbs, Inc. (Whereby Pegasus grants to Willcox & Gibbs certain intellectual property rights)
3. Agreement dated as of November 7, 1985 between and among Macpherson Meistergram Inc., as successor to Macpherson, Inc., Macpherson Monogram, Inc. and Meistergram, Inc., Barudan America, Inc. and Barudan Company, Ltd., as amended and modified as of the date hereof (Whereby Macpherson grants to Barudan certain intellectual property rights)

BORROWER LICENSOR AGREEMENTS

1. Agreement dated as of November 7, 1985 between and among Macpherson Meistergram, Inc., as successor to Macpherson, Inc., Macpherson Monogram, Inc. and Meistergram, Inc., Barudan America, Inc. and Barudan Company, Ltd., as amended and modified as of the date hereof
2. License agreement accompanying sale of software by Leadtec Systems, Inc. (LSI). Each sale includes the licensing provisions and the indemnification by LSI that are contained in the attached Purchase Agreement.

SCHULTE ROTH & ZABEL LLP

900 THIRD AVENUE
NEW YORK, N.Y. 10022
(212) 756-2000

FAX: (212) 593-5955
E-MAIL: wwwmail@srz.com
WEB: <http://www.srz.com>

FLORIDA OFFICE
ESPERANTÉ
SUITE 950
222 LAKEVIEW AVENUE
WEST PALM BEACH, FLORIDA 33401
(561) 659-9800

ROBERT M. ABRAHAMS
KIM E. BAPTISTE
STEPHANIE R. BRESLOW
DAVID M. BRODSKY
MARK E. BROSSMAN
MARK A. BROUDE
BROOKS R. BURDETTE
BRUCE S. CYBUL
HARRY S. DAVIS
BONNIE L. DIXON
EDWARD G. EISERT
HOWARD B. EPSTEIN
MICHAEL J. FEINMAN
MICHAEL S. FELDBERG
STEVEN J. FREDMAN
STUART D. FREEDMAN
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BETTY SANTANGELO
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HOWARD F. SHARFSTEIN
JOSEPH R. SIMONE
IRWIN J. SUGARMAN
SHLOMO C. TWERSKI
JANET C. WALDEN
ALAN S. WALDENBERG
PAUL N. WATTERSON, JR.
PAUL E. WEBER
MARC WEINGARTEN
ANDRE WEISS
WILLIAM D. ZABEL

WRITER'S DIRECT NUMBER:

(212) 756-2002

WRITER'S E-MAIL ADDRESS:

joshua.bressler@srz.com

July 22, 1999

VIA EXPRESS MAIL

Commissioner of Patents and Trademarks
Box Assignments
Washington, DC 20231

Re: Recordation of
Security Agreement and Mortgage - Intellectual Property
Our ref.: Willcox & Gibbs/Ableco 014951/0146

Dear Sir or Madam:

Please record the above-referenced document against the U.S. trademark applications and registrations identified in the accompanying Document Cover Sheet.

We authorize the deduction from Schulte Roth & Zabel LLP's Deposit Account No. 500675 of \$615.00, plus any deficiencies therein, to cover recordation fees, and we enclose an extra copy of the Document Cover Sheet for this purpose.

Also enclosed is a self-addressed postage prepaid postcard, which we request that you date stamp and return to us to acknowledge your receipt of this filing.

Cordially,


Joshua R. Bressler

Enclosures
Express Mail Label No. EL296381343US

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SRZNY\595756v1

RECORDED: 07/23/1999

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